

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JULY 15, 2015**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja at 7:00 PM, in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT

President Stephen Dopudja
Vice President Glenn Acosta
Director James Haselton
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor
Lisa Carmouche, Administrative Assistant

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum (Platinum Consultants)

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

Vice President Acosta led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

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DIRECTOR'S COMMENTS

Director Haselton commented on his attendance at the District's Shadow Rock Detention Basin Facility Dedication Ceremony on July 10, 2015, and commended District staff for their work setting up the event.

Vice President Acosta mentioned that although he was out of town when the Shadow Rock Dedication Ceremony occurred, he heard that the event went well and commended District staff for their work.

Director Safranski echoed the Directors' commendations to District staff on the Shadow Rock Dedication Ceremony, and mentioned that both President Dopudja and Mr. Ruiz did a good job with their speeches. Director Safranski added that he believed the event was an excellent learning experience concerning the complexities of the District for the attendees. Director Safranski commented on his attendance at the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant (Baker) Tour, and mentioned his appreciation for the size of the facility.

Director Mandich commended District staff on the Shadow Rock Dedication Ceremony, and commended President Dopudja and Mr. Ruiz on their speeches. Director Mandich commented on his attendance at the Baker Tour. Director Mandich commented on his attendance at the City of Rancho Santa Margarita City Council Meeting, and mentioned that the Plano Trabuco Development was approved by the City Council. Discussion occurred concerning the disclosure of the District's Plano Trabuco Sewer Lift Station and the environmental compliance to be met by the developer.

President Dopudja thanked District staff for all of their hard work on the Shadow Rock Dedication Ceremony. President Dopudja commented on his attendance at the Baker Tour, and mentioned his appreciation for the tour which highlighted the project site's progress. Discussion occurred concerning the drought messaging and public outreach.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz reported on his attendance at the South Orange County Water Workshop which was hosted by County of Orange Supervisor Lisa Bartlett, and the mentioned that the event was well attended.
2. Mr. Ruiz reported that he was scheduled to attend the California Special Districts Association General Manager Leadership Summit on July 12th through the 14th.
3. Mr. Ruiz reported that the Municipal Water District of Orange County (MWDOC) Water Policy Forum and Dinner was scheduled for July 29, 2015. Mr. Ruiz added that any Directors that are interested in attending the event are to coordinate with Mr. Perea.
4. Mr. Ruiz reported that the Orange County Register published an article which highlighted the District's reduction of potable water usage of 26% for the month of June. Mr. Ruiz added that District

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staff has submitted revised documentation to the State Water Board which more accurately demonstrates potable water usage District-wide, and as a result, the District's Conservation Standard had been reduced from 32% to 28%.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

President Dopudja indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member requested a separate action on a specific item. President Dopudja requested to have Item No. 4 removed from the Consent Calendar.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to approve Item Nos. 1 through 3 of the Consent Calendar.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/
ATTENDANCE ITEMS**

President Dopudja commented that he did not attend the Water Advisory Commission of Orange County Meeting (WACO) for the month of June, and requested that his schedule be amended as such.

Action: A motion was made by Director Mandich and seconded by Director Safranski to ratify the Directors' expenses and fees from June, 2015, and approve tentative future meetings/attendance items, as amended.
The motion carried 5 – 0.

**ITEM 5: PUBLIC HEARING & ACTION(S) FOR FISCAL YEAR 2015/2016 UNDEVELOPED LAND/WATER
STANDBY CHARGES**

Mr. Ruiz provided a status update on this matter, and mentioned that District staff has complied with the notification requirements for the scheduled Public Hearing. Mr. Ruiz provided historical background concerning the development of the Undeveloped Land/Water Standby Charges. Mr. Ruiz added that District staff has not received any formal written comments, only a few phone calls, concerning the charges.

President Dopudja opened the Public Hearing at 7:17 PM. There were no written comments or objections received. President Dopudja closed the Public Hearing at 7:18 PM.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to adopt Resolution No. 2015-1214 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Water Standby Charges for the Fiscal

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Year 2015/2016; Making Certain Findings and Taking Related Actions in Connection Therewith.
The motion carried 5 – 0.

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S RATE ANALYSIS OF WATER, WASTEWATER AND RECYCLED WATER SYSTEMS & SERVICES

Mr. Ruiz provided a status update on this matter, and mentioned that Ms. Byerrum was in attendance to answer any of the Board's questions concerning the District's Rate Analysis. Mr. Ruiz mentioned that the District requested proposals from five firms and received a proposal for rate analysis services from the solicited consulting firms. Ms. Byerrum commented that District staff established an internal committee for review of the five proposals, which includes the preparation of an administrative report and financial model, and that Raftelis Financial Consultants (RFC) was the superior proposal. Ms. Byerrum mentioned that RFC's proposed administrative report would be very thorough based on her review of past reports prepared by RFC, and in comparison to reports from other consulting firms. Ms. Byerrum mentioned the RFC's proposal includes the most amount of labor hours dedicated to the rate analysis. Director Acosta mentioned that the report is of great importance and emphasized that it had to be a thorough, high quality report. Discussion occurred concerning rate strategies and the importance of a solid defensible administrative report. Ms. Byerrum mentioned that RFC has scheduled six meetings with the Board, which included a Project Kickoff Meeting to determine the Board of Directors' priorities and the required Proposition 218 Public Hearing. Discussion occurred concerning drought challenges and the different types of rate structures designs. Director Safranski mentioned that the proposals had been reviewed by the Finance/Audit Committee, and that the Committee agreed with District staff recommendation; Director Haselton echoed Director Safranski's comment. Discussion occurred concerning Proposition 218 burden of proof and rate challenges.

Action: A motion was made by Director Safranski and seconded by Director Haselton to authorize the General Manager to execute Agreement for Consultant Services with Raftelis Financial Services, Inc., for a not to exceed amount of \$86,364.
The motion carried 5 – 0.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING CURRENT ORANGE COUNTY GRAND JURY REPORTS

Mr. Ruiz presented this matter for Board review, and mentioned that the Orange County Grand Jury (Grand Jury) has requested responses from the District on two separate reports: "Increasing Water Recycling: A Win-Win for Orange County" and "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency". Discussion occurred concerning State Law requirements for response to the Grand Jury's informational requests, and certain challenges related to the report topics. Mr. Ruiz mentioned that District staff will coordinate with Mr. Anslow to prepare responses to the Grand Jury for the Board President's signature.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to authorize the General Manager to work with the Board President and District Legal Counsel to prepare and send a written response on behalf of the District to

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the Orange County Grand Jury Report titled, “Water Recycling: A Win-Win for Orange County”; and authorize the General Manager to work with the Board President and District Legal Counsel to prepare and send a written response on behalf of the District to the Orange County Grand Jury Report titled, “Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency”
The motion carried 5 – 0.

FINANCIAL MATTERS

ITEM 8: DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2015-1215 ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2015/2016

Mr. Ruiz presented this matter for Board review, and mentioned that this was an annual matter for consideration and action. Mr. Ruiz added that Mr. Anslow had prepared the required Fiscal Year 2015/2016 Appropriations Limit Memorandum which used the County of Orange overall population change figures to determine the District’s annual appropriations limit calculation. Discussion occurred concerning the history of the annual appropriations limit calculation and the methodology used for the preparation of the Memorandum.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to adopt Resolution No. 2015-1215 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Appropriations Limit for Fiscal Year 2015/2016, Pursuant to Article XIII B of the California Constitution.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 9: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and reviewed the DRAFT Easement Procurement Schedule of Events with the Board. Mr. Ruiz highlighted line item no. 6 – additional potholing, and mentioned that this work would continue through the month of July. Mr. Ruiz presented a handout of Project Amendment No. 9 for additional potholing work and additional work completed during original potholing work, which included spoils disposal costs and trench pothole costs. Discussion occurred concerning project timeline, final project design costs, and FEMA reimbursable project costs. Mr. Ruiz mentioned that District staff will bring final project design costs to the Board for review at a Regular Board Meeting following the findings of the field potholing data and their impact to the alternate alignment. Discussion occurred concerning the potential impacts of a significant El Nino event on the existing pipeline; Mr. Ruiz mentioned that heavy rainfall could lead to significant erosion and potential for pipeline loss. Vice President Acosta recommended that District staff provide a project status update to County of Orange Supervisor Lisa Bartlett. Discussion occurred concerning the potential impact of the project work on adjacent County Trails and the appropriate notification to the County of Orange Flood Control and City of Lake Forest.

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Action: A motion was made by Vice President Acosta and seconded by Director Safranski to approve Contract Amendment No. 9 for additional work performed during original potholing and additional pothole work in the amount of \$28,573. The motion carried 5 – 0.

ITEM 10: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and reviewed the Construction Report for June, 2015 with the Board. Mr. Ruiz added that the Project Committee Meeting was moved to July 28, and highlighted the proposed Contract Change Orders for the value engineering for construction change/credit in the amount of \$140,000, and the costs associated with the re-sequencing of the OC-33 meter in the amount of \$120,274.96.

Action: The Board received the information concerning the matter. No action taken.

ITEM 11: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and mentioned that the project is complete. Mr. Ruiz added that District staff has prepared and filed a Notice of Completion for the Pump Station Portion of the Project with the County of Orange Clerk-Recorder. Ms. Lausten mentioned that District staff is preparing copies of the facility As-Builts for submission to the Army Corps of Engineers. Mr. Ruiz added that this project will be closed out next month, and future updates will be reported to the Engineering/Operational Committee.

Action: A motion was made by Director Safranski and seconded by Director Mandich to approve and ratify the Notice of Completion for the Pump Station Portion of the Shadow Rock Detention Basin Urban Water Recovery Project. The motion carried 5 – 0.

ITEM 12: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that the Developer has finalized and submitted the Project Tract Map to District staff for review. Mr. Ruiz added that District staff is currently working with the Developer on the preparation of the DRAFT Developer Agreement for Services, as well as with Santa Margarita Water District (SMWD) for the Inter-Agency Agreement for Potable Water Inter-tie and Recycled Water System Connection.

Action: The Board received the information concerning the matter. No action taken.

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) DROUGHT REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS

Mr. Ruiz provided a status update on the matter and provided handouts to the Board concerning the District's revised Conservation Standard from the State Water Board. Discussion occurred concerning

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the basis for the revision and the methodology for the update reduction percentage. Mr. Ruiz mentioned that after internal review, District staff found that the population numbers prepared by the California State University of Fullerton (CSUF) were too low in the District staff's opinion, and not representative of staff's understanding of its customer base and population. Mr. Ruiz added that District staff used the State Water Board methodology for determining the population of the District's service area, and subsequently revised each monthly report to reflect this change. Mr. Ruiz mentioned that District Operations staff provided product water flow calculations which specifically removed the Dimension Water Treatment Plant filter backwash water, as this water is used primarily for treatment purposes only and is not production water as defined by the State for reporting purposes. Mr. Ruiz commented that as a result of these efforts, that the District's Conservation Standard was lowered from 32% to 28%. Mr. Ruiz presented a copy of the District's June 2015 State Water Board report for Board review, and mentioned that the District's customers reduced their use for the month by approximately 26%. Mr. Ruiz added that currently the overall potable water usage reduction was trending at approximately 40% District-wide. Discussion occurred concerning the revised Conservation Standard of 28%; Director Safranski and Vice President Acosta commended District staff for their hard work. Mr. Ruiz highlighted an Orange County Register published article which compared water district potable water reductions for the month of June. Discussion occurred concerning the State Water Board's potential action for agencies that do not meet their mandated Conservation Standard, and the District's ongoing public outreach and signage campaign. Mr. Ruiz reviewed District staff public outreach methods to date, which included lawn signage, banners, and the new On Tap Newsletter format. Discussion occurred concerning additional outreach method resources and related costs.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta authorize the General Manager to contract with Thomas Communications Group for Conservation Public Outreach Services for a not to exceed amount of \$20,000.
The motion carried 5 – 0.

ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had the following local governmental and/or legislative informational matter(s) to report:

- SMWD Board of Directors through Board President Sandra Jacobs has requested a letter in support of Ms. Betty Olson for the San Diego Regional Water Quality Control Board. Mr. Ruiz mentioned that District staff can work with the Board President to draft a letter of support for Ms. Olson, if it were the pleasure of the Board.

Action: A motion was made by Vice President Acosta and seconded by Director Mandich to authorize the General Manager to coordinate with President Stephen Dopudja to submit a letter in support of Ms. Betty Olson for the San Diego Regional Water Quality Control Board.
The motion carried 5 – 0.

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OTHER MATTERS

Mr. Ruiz mentioned that District staff has received a Public Records Request from Transparent California for information used in the development of the 2014 State Controller's Report, specifically, Board of Director and District employee total compensation information for calendar year 2014. Mr. Ruiz added that this is the second consecutive year that Transparent California has requested this information under the Public Records Act.

ADDITIONAL DIRECTORS' COMMENTS

Director Safranski commended District staff for their hard work and recognized that the past months have been significantly busier than normal.

Vice President Acosta agreed with Director Safranski and commended District staff for their good work.

President Dopudja echoed his fellow Director's remarks and commended District staff.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional comments.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the June 17, 2015, Regular Board meeting at 8:30 PM.